Manitoba
Oil Activity Review
2004

Manitoba
Building for the Future

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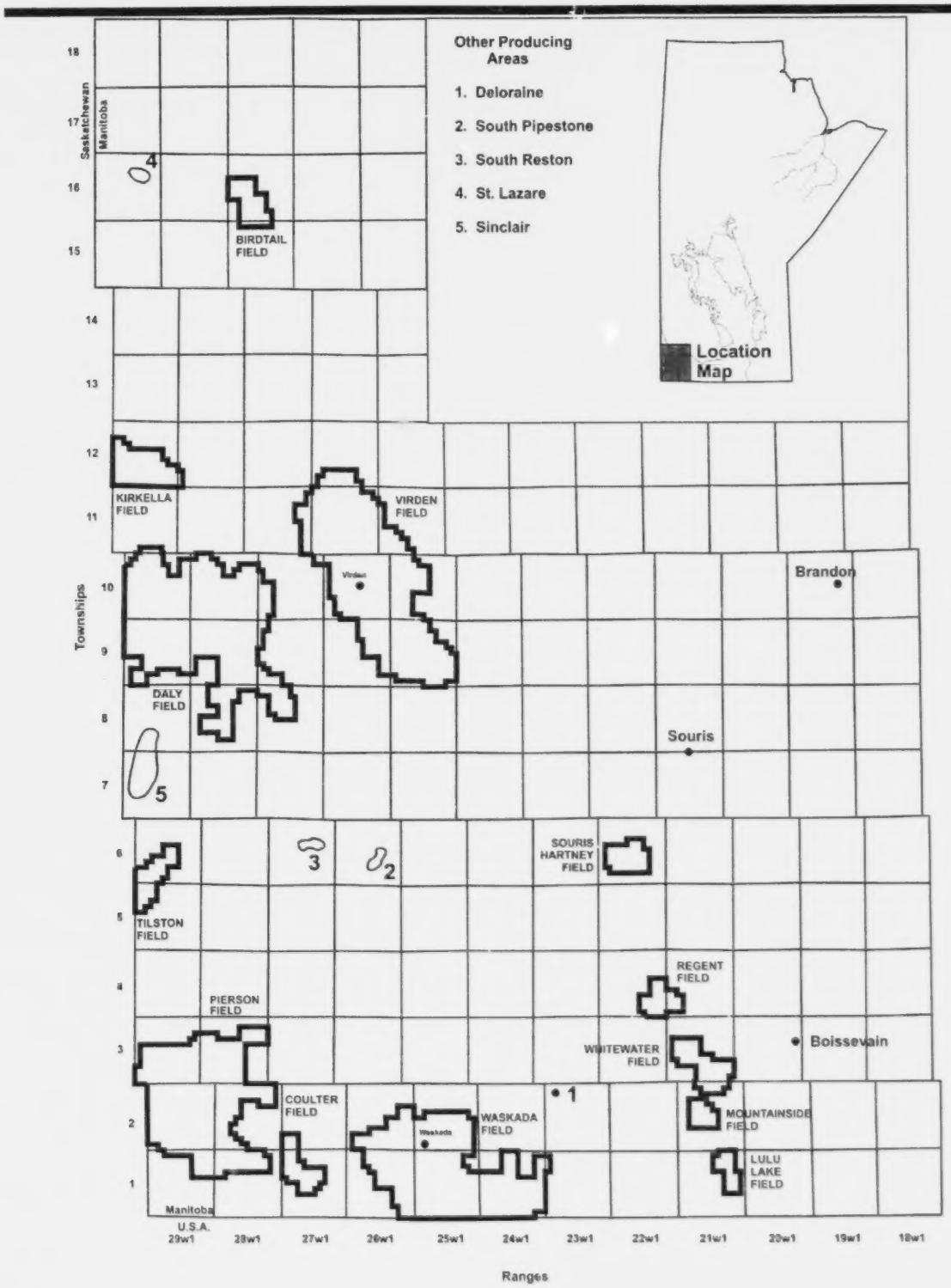
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2004 Highlights

- During 2004, 119 wells were drilled in Manitoba, a 27% increase from 2003's total of 94 wells.
- Manitoba's annual oil production was up approximately 1% from 2003 production to 637 498 m^3.
- The value of oil produced in 2004 was approximately $195.7 million, a 24% increase from 2003.
- Provincial revenues from the oil industry (royalties, production taxes, lease sale bonuses, rentals and fees) were $6.9 million during 2004, a 13% increase from 2003.
- Gross royalties payable to freehold mineral owners were estimated to be $21 million in 2004 (Federal and Provincial tax liabilities included).
- Surface rights owners received approximately $4.8 million from rental payments and bonuses during 2004.
- Municipal tax assessments on wells and oilfield equipment were estimated to be $61 million (with taxes paid amounting to approximately $1.9 million).
- Oil industry expenditures in Manitoba were estimated to be $116.8 million in 2004, a 17% increase from 2003.
- Two geophysical programs were run in 2004. Total coverage was 65 kilometres at a cost of approximately $0.2 million.
- Four sales of Crown oil leases covering 15 349 hectares generated $1.4 million in revenue to the province in 2004, a 320% increase from 2003.
- As of January 1, 2004 there were 13 oil fields and 169 non-confidential oil pools designated in the province.
- Crude oil prices fluctuated throughout the year between $40.8-60.68/bbl. In 2004, Manitoba's average crude oil selling price was $48.77/bbl, compared with 2003's average of $39.51/bbl.

Crown Oil and Gas Dispositions

Public offerings of Crown oil and gas rights are held under sealed tender in Manitoba throughout the year. Four Crown oil and gas sales were held in 2004.

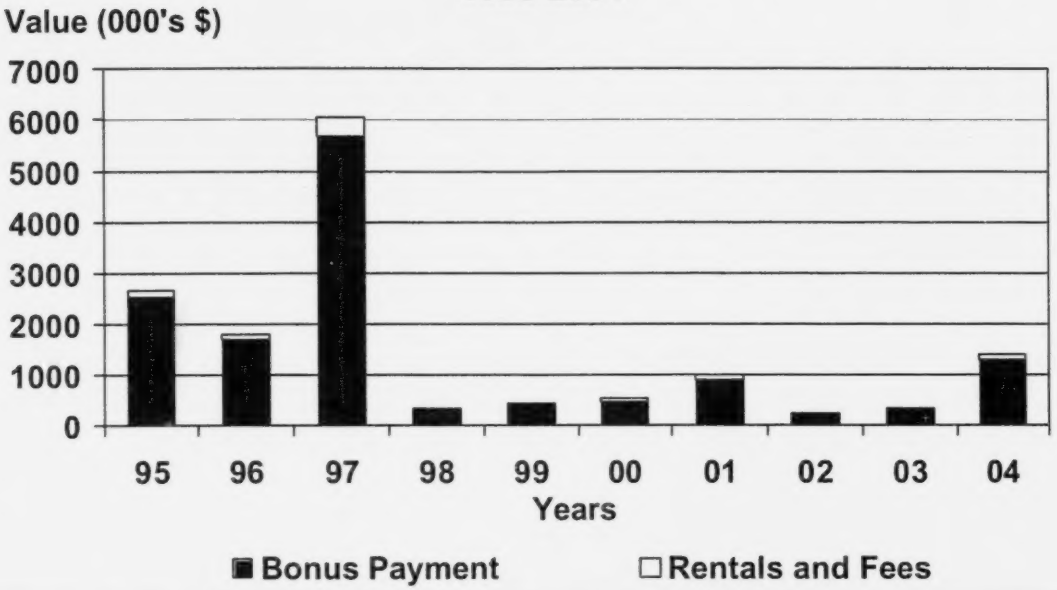
SALE DATE	AVERAGE BONUS $/ha
February 11, 2004	157.00
May 12, 2004	58.70
August 11, 2004	93.72
November 12, 2004	31.41

As of December 31, 2004, the total area of Crown oil and gas rights under disposition was 43 725 hectares. All 43 725 hectares were held under lease. In 2004, the total area under disposition decreased by 7% compared with 2003.

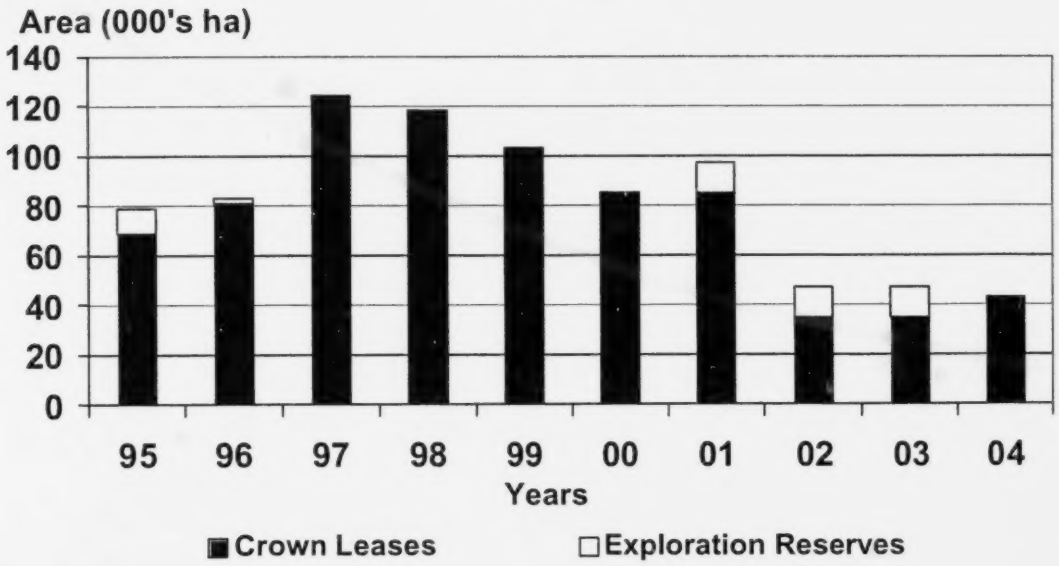
Exploration reservations provide the holder with the exclusive right to drill for a 3-year term within the reservation area. Crown oil and gas leases provide the holder with the exclusive right to drill and produce oil and gas for a 5-year term within the lease area. Leases may be renewed for additional 5-year terms, or extended by application for one-year terms with additional rental penalties and drilling commitments. Non-productive leases are surrendered and available for lease by other interested parties.

On December 31, 1982, deeper rights reversion provisions came into effect. Under these provisions, non-productive areas and rights below the producing formation revert to the Crown at the end of the first renewal of the lease term. These rights again become available for lease by other interested parties.

Public Offerings of Crown Oil and Gas Rights 1995-2004



Crown Oil and Gas Rights Under Disposition (Dec. 31st) 1995-2004



Freehold Mineral Owner's Leasing and Revenue

Approximately 80% of the oil and gas rights in southwestern Manitoba are privately owned (freehold). Companies may negotiate leases with freehold mineral owners in areas of current interest where leases have expired or where oil and gas rights are not presently leased. Freehold mineral owners receive revenue from signing bonuses, delay rental payments and royalties when production is obtained. Freehold royalties may range from 12 1/2 to 20% of gross production sales value. It is estimated that gross royalties payable to freehold owners in 2004 were approximately $21 million (before payment of provincial and federal taxes).

Manitoba Crown Lease and Exploration Reservation Sale Statistics 1947-2004

	Lease Sales						Reservation Sales						
Year	No. of Leases Sold	Area (ha)	Bonus ($)	Avg. Price ($/ha)	Highest Price ($/ha)	Lease Revenue ($)	No. of Res. Sold	Area (ha)	Bonus ($)	Avg. Price ($/ha)	Highest Price ($/ha)	Res. Revenue (4)	Total Revenue From Sales ($)
1947-53			DATA NOT AVAILABLE										
1954	31	4 184	82,814	19.79	37.37	88,291	0	0	0	0.00	0.00	0	88,291
1955	140	32 247	579,801	17.98	62.58	620,751	1	8 778	5,854	0.67	0.67	6,213	626,964
1956	28	4 534	43,902	9.68	79.09	49,682	4	255 016	105,587	0.41	1.33	106,587	156,269
1957	16	4 568	100,373	21.97	44.71	106,174	2	48 820	3,256	0.07	0.08	3.756	109,930
1958	0	0	0	0.00	0.00	0	1	10 291	101	0.01	0.01	351	351
1959	1	777	505	0.65	0.65	1,475	2	11 478	11,879	1.03	2.42	12,379	13,854
1960	1	65	4,103	63.12	63.12	4,193	0	0	0	0.00	0.00	0	4,193
1961	0	0	0	0.00	0.00	0	4	50 721	134,099	2.64	6.75	135,099	135,099
1962	2	260	1,327	5.11	12.62	1,668	1	7 464	24,706	3.31	3.31	24,956	26,624
1963	63	5 055	31,614	6.25	17.30	38,468	1	3 498	1,608	0.46	0.46	1,858	40,326
1964	40	9 467	109,125	28.47	388.06	120,717	1	5 641	778	0.14	0.14	1,028	121,745
1965	42	4 347	40,235	9.26	77.60	46,024	15	92 717	52,672	0.57	12.11	56,422	102,446
1966	31	4 417	24,086	5.45	64.22	29,850	6	38 689	62,886	1.63	2.08	64,636	94,486
1967	10	2 274	23,537	10.35	22.25	26,446	5	49 846	55,013	1.10	3.80	56,263	82,709
1968	19	3 599	22,630	6.29	18.92	27,265	6	46 040	31,426	0.68	4.45	32,926	60,191
1969	2	970	7,164	7.39	11.94	8,382	3	16 453	75,282	4.58	7.54	76,032	84,414
1970	8	3 580	10,094	2.82	8.08	14,596	0	0	0	0.00	0.00	0	14,596
1971	2	1 230	33,673	27.38	49.75	34,308	0	0	0	0.00	0.00	0	34,308
1972-78			NO SALES										
1979	86	11 064	897,885	81.15	315.17	929,855	3	4 736	40,888	8.63	12.23	47,558	977,413
1980	80	12 540	1,057,530	84.33	470.51	1,092,880	8	15 572	820,345	52.68	100.31	841,810	1,934,690
1981	85	12 312	1,074,958	87.31	257.26	1,109,988	5	5 376	611,199	113.69	178.43	619,169	1,729,157
1982	56	6 448	1,055,668	163.72	938.88	1,074,588	0	0	0	0.00	0.00	0	1,074,588
1983	66	9 255	1,032,267	111.54	762.34	1,058,705	1	1 024	40,192	39.25	39.25	41,722	1,100,427

1984	104	8 776	2,181,499	248.58	1,411.17	2,208,639	0	0	0	0.00	0.00	0	2,208,639
1985	173	15 471	4,215,083	272.45	1,593.78	4,262,410	0	0	0	0.00	0.00	0	4,262,410

Manitoba Crown Lease and Exploration Reservation Sale Statistics
1947-2004 (cont'd)

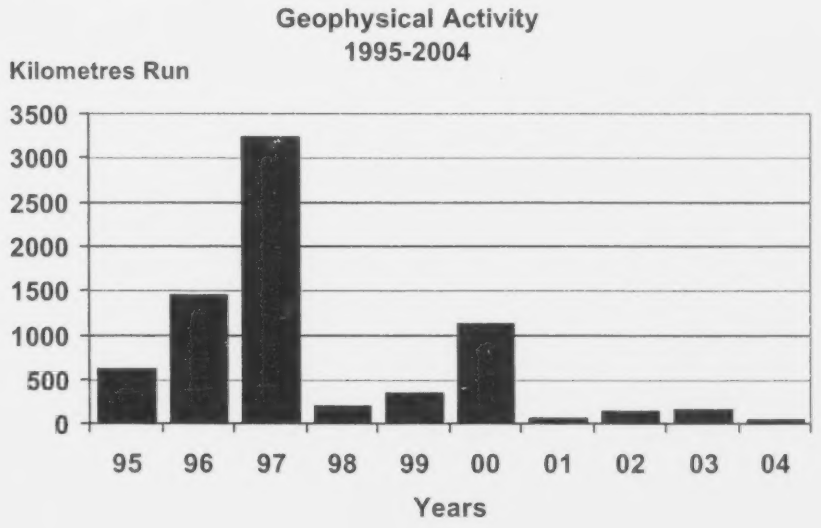
	Lease Sales							Reservation Sales					
Year	No. of Leases Sold	Area (ha)	Bonus ($)	Avg. Price ($/ha)	Highest Price ($/ha)	Lease Revenue ($)	No. of Res. Sold	Area (ha)	Bonus ($)	Avg. Price ($/ha)	Highest Price ($/ha)	Res. Revenue (4)	Total Revenue From Sales ($)
1986	103	7 904	891,358	112.77	602.00	916,268	1	768	20,285	26.41	26.41	21,495	937,763
1987	57	5 813	577,253	99.30	230.23	594,635	0	0	0	0.00	0.00	0	594,635
1988	29	3 429	348,439	101.62	313.07	358,462	1	2 112	84,231	39.88	39.88	87,121	445,583
1989	31	2 832	231,918	81.89	400.17	240,548	0	0	0	0.00	0.00	0	240,548
1990	20	1 488	111,930	75.22	250.00	116,650	3	4 128	49,731	12.05	21.33	55,641	172,291
1991	24	1 920	124,275	64.73	184.59	130,275	0	0	0	0.00	0.00	0	130,275
1992	43	3 105	103,135	33.22	118.61	113,047	2	1 855	17,642	9.51	12.87	20,460	133,507
1993	108	14 698	762,578	51.88	352.28	804,723	5	7 320	121,222	16.56	25.41	131,622	936,345
1994	144	18 404	1,145,663	62.25	312.50	1,267,677	3	2 496	49,393	19.79	42.97	53,263	1,320,940
1995	167	23 053	2,517,164	109.19	316.75	2,664,649	0	0	0	0.00	0.00	0	2,664,649
1996	111	12 131	1,692,342	135.51	1305.71	1,779,202	0	0	0	0.00	0.00	0	1,779,202
1997	434	49 969	5,694,789	113.97	874.10	6,043,274	0	0	0	0.00	0.00	0	6,043,274
1998	54	4 220	308,085	73.01	571.50	344,454	0	0	0	0.00	0.00	0	344,454
1999	23	4 058	395,470	97.46	333.44	418,871	0	0	0	0.00	0.00	0	418,871
2000	58	5 173	472,747	91.39	326.23	514,051	0	0	0	0.00	0.00	0	514,051
2001	97	9 344	703,628	75.30	291.50	775,132	5	12 287	181,426	14.77	22.00	226,431	1,001,563
2002	34	2 720	211,957	77.93	211.77	235,077	0	0	0	0.00	0.00	0	235,077
2003	48	4 416	294,448	66.68	617.38	329,104	0	0	0	0.00	0.00	0	329,104
2004	104	15 349	1,287,971	83.91	300.01	1,383,294	0	0	0	0.00	0.00	0	1,383,294
Total	2775	347 466	30,505,023	87.79	N/A	31,984,748	89	703 126	2,601,701	3.70	N/A	2,724,798	34,709,546

Geophysical Activity

Two geophysical programs were run in 2004 covering 65 km. Both programs were a combination of 2D and 3D. The estimated cost of the programs was $171,298.

MANITOBA GEOPHYSICAL ACTIVITY
SUMMARY 1975-2004

Year	Licenses Issued	Kilometers Run (km)	Total Program Costs $	Year	Licenses Issued	Kilometers Run (km)	Total Program Costs $
1975	1	270	106,500	1990	2	30	118,452
1976	3	112	118,302	1991	2	15	62,032
1977	2	830	1,046,220	1992	8	299	370,198
1978	5	1 828	3,451,370	1993	9	202	225,776
1979	10	2 001	2,970,734	1994	14	222	890,307
1980	10	851	1,843,438	1995	16	633	1,634,771
1981	11	1 148	2,116,854	1996	30	1 457	5,480,000
1982	19	879	1,805,512	1997	32	3 239	6,098,000
1983	14	3 410	3,639,692	1998	13	212	619,072
1984	23	2 731	5,547,086	1999	2	354	269,724
1985	25	1 647	3,081,241	2000	13	1 134	2,761,042
1986	8	338	1,227,227	2001	4	73	277,100
1987	13	683	2,713,000	2002	4	156	415,950
1988	13	2 148	2,129,550	2003	5	176	575,057
1989	2	39	114,627	2004	2	65	171,298



SUMMARY OF 2004 GEOPHYSICAL PROGRAMS

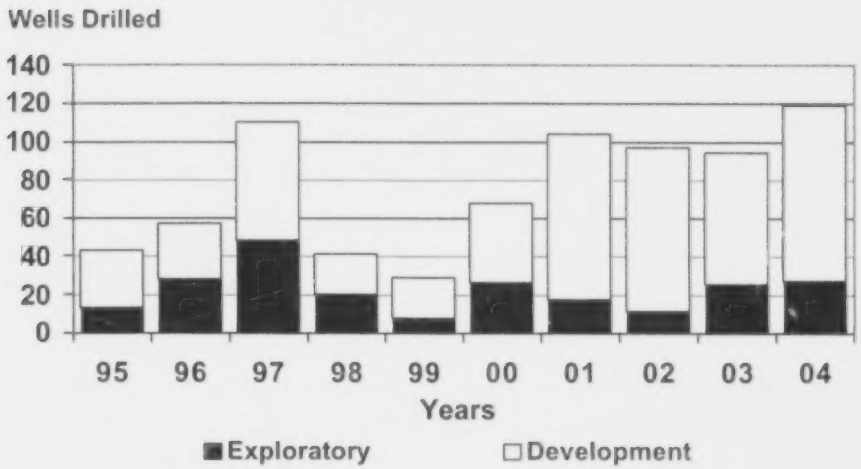
Licence No.	Licensee	Contractor	Area	Type	Km Run
452	Conquest Seismic Services	Boyd Exploration Consultants Ltd.	Tilston	2D	6.2

453	Rideau Petroleums Ltd.	Tesla Exploration Ltd.	Daly	2D/3D	58.4
				Total	**64.6**

Drilling Activity

In 2004, 137 drilling licenses were issued, resulting in 9 different companies drilling 119 wells, an increase of 27% from 2003. Four drilling contractors drilled 126 332 metres of hole for an average well depth of 1 062 m.

Wells Drilled in Manitoba 1995-2004



Drilling Statistics by Operator and Contractor

Wells Drilled by Operator	2004	2003
Tundra Oil and Gas Ltd.	78	27
Rideau Petroleums Ltd.	15	11
EOG Resources Canada Inc.	11	41
Kiwi Resources Ltd.	4	5
Canadian Natural Resources Ltd.	4	-
Postell Energy Co. Ltd.	2	-
New Midland Petroleum Ltd.	2	4
Mountcliff Resources Ltd.	2	1
Compton Petroleum Corporation	1	1
Canadian Coastal Resources Ltd.	-	2
385475 Alberta Ltd.	-	1
Wedona Energy Inc.	-	1
Total	**119**	**94**

Wells Drilled by Contractor	2004	2003
Big Sky Drilling Ltd.	42	18
Ensign Drilling Inc.	39	7
Trinidad Drilling Ltd.	34	32
Advance Drilling Ltd.	4	-
Precision Drilling (1987) Ltd.	-	37
Total	**119**	**94**

Drilling Activity by Area

Field	TWP	RGE WPM	Wells Drld.	Development Drld.	Development POW	Exploratory Drld.	Exploratory POW	Total POW	Dry/ Abd	Other
Daly	8-10	27-29	21	19	19	2	2	21	0	0
Waskada	1-2	25-26	52	50	49	2	2	51	1	0
Virden	9-12	25-26	7	7	7	0	0	7	0	0
Whitewater	3	21	2	2	2	0	0	2	0	0
Pierson	2-3	28-29	6	6	6	0	0	6	0	0
Other Areas			31	8	8	23	20	28	3	0
Total			**119**	**92**	**91**	**27**	**24**	**115**	**4**	**0**
% of Total Drilled				**77**		**23**				

POW – Potential Oil Wells

Drilling Success 1981-2004

Year	Development Wells Drilled	Development Wells % Successful	Exploratory Wells Drilled	Exploratory Wells % Successful	All Wells Drilled	All Wells % Successful
1981	29	100	33	55	62	76
1982	117	95	78	67	195	84
1983	187	95	60	77	247	91
1984	210	95	36	44	246	88
1985	209	92	52	69	261	87
1986	90	95	43	91	133	93
1987	74	93	33	61	107	83
1988	53	85	18	17	71	68
1989	45	96	7	14	52	85
1990	63	94	15	73	78	90
1991	53	89	1	100	54	89
1992	22	82	6	33	28	71
1993	73	90	14	78	87	90
1994	50	96	17	41	67	82
1995	30	83	13	23	43	65
1996	29	83	28	50	57	68
1997	61	79	48	42	109	62
1998	21	95	20	45	41	71
1999	20	100	8	50	28	86
2000	42	93	26	8	68	60
2001	87	98	17	41	104	89
2002	86	95	11	64	97	92
2003	69	94	25	88	94	93
2004	92	99	27	89	119	97

Drilling Activity 1951-2004

Year	Licenses Issued	Wells* Drilled	Well Classification		Oil and Gas Wells Completed Status			Metres* Drilled	Other** Wells Drilled
			E	D	PO	AD	S		
Pre 1951	15								
1951	123	18	14	4	6	10	2	14 956	103
1952	104	68	40	28	25	33	10	58 344	33
1953	127	102	31	71	73	29	0	76 682	9
1954	333	310	114	196	217	90	3	233 170	0
1955	382	354	57	297	279	66	9	254 774	5
1956	283	248	30	218	202	38	8	176 994	14
1957	225	224	71	153	139	85	0	155 469	2
1958	92	92	16	76	61	31	0	60 430	0
1959	50	47	16	31	30	17	0	30 792	2
1960	65	66	12	54	50	15	1	43 918	0
1961	26	28	11	17	11	16	1	17 389	1
1962	30	24	3	21	15	9	0	17 683	2
1963	59	57	9	48	39	16	2	43 451	0
1964	110	104	32	72	68	35	1	75 303	3
1965	79	65	40	25	27	38	0	50 298	10
1966	76	63	33	30	29	33	1	54 863	9
1967	90	85	42	43	44	41	0	67 068	0
1968	64	59	44	15	27	32	0	48 840	3
1969	98	46	30	16	14	29	3	34 376	38
1970	18	18	13	5	2	16	0	16 253	1
1971	24	15	6	9	2	8	5	13 026	6
1972	11	9	6	3	0	7	2	6 778	1
1973	19	17	17	0	0	17	0	14 083	0
1974	22	21	17	4	6	14	1	22 710	1
1975	9	7	7	0	2	4	1	6 716	4
1976	16	15	13	1	3	11	1	11 161	2
1977	21	11	10	1	9	2	0	9 359	2
1978	16	22	12	10	10	6	6	18 329	0
1979	27	25	9	16	16	9	0	20 537	0
1980	33	27	12	15	18	9	0	23 508	6
1981	76	62	33	29	47	15	0	61 011	5
1982	201	195	78	117	164	30	1	184 282	0
1983	290	247	60	187	223	24	0	229 304	5
1984	249	246	36	210	218	28	0	220 631	0
1985	313	261	52	209	229	29	3	228 387	7
1986	116	134	44	90	122	11	1	118 675	1
1987	116	107	33	74	90	17	0	96 970	0
1988	78	72	18	54	48	23	1	63 722	0
1989	54	52	7	45	44	8	0	42 948	0
1990	93	79	16	63	70	8	1	75 751	0
1991	51	54	1	53	48	6	0	48 698	0
1992	28	28	7	21	20	8	0	27 391	0
1993	102	87	13	74	78	9	0	90 343	0
1994	82	67	17	50	55	11	1	77 716	0
1995	56	43	13	30	29	14	0	50 591	0
1996	82	57	28	29	40	17	0	60 723	0
1997	129	109	48	61	68	39	2	108 040	0
1998	41	41	20	21	29	12	0	48 908	0
1999	31	28	8	20	24	4	0	38 224	1
2000	82	68	26	42	41	27	0	71 716	0
2001	103	104	17	87	72	12	20	111 612	0
2002	101	97	11	86	79	8	10	104 705	0
2003	102	94	25	69	80	6	8	97 510	0
2004	137	119	27	92	115	4	0	126 332	0
TOTAL	5 360	4 698	1 455	3 242	3 457	1 136	105	4 061 457	276

* Excludes other wells drilled

** Other wells drilled includes: structure test holes, potash test holes, gas storage wells, helium

E - Exploratory

D - Development
PO - Potential Oil
AD - Abandoned Dry
S - Service

Exploratory* Wells Drilled in Manitoba by Formation 1974-2004

(Geological Period of Deepest Formation Drilled)

Year	Cretaceous	Jurassic	Mississippian	Devonian	Silurian	Ordovician	Cambrian	Precambrian	Total
1974	1	–	5	–	–	–	–	12	18
1975	1	–	4	1	–	4	–	1	11
1976	–	–	5	7	–	–	–	–	12
1977	–	–	10	–	–	–	–	–	10
1978	–	–	9	1	–	1	–	1	12
1979	–	–	6	1	–	–	–	2	9
1980	–	–	8	1	1	–	–	1	11
1981	–	–	21	6	–	–	–	5	32
1982	–	–	72	5	–	–	–	1	78
1983	–	1	48	9	1	–	–	1	60
1984	1	–	32	2	–	–	–	1	36
1985	–	–	49	2	–	–	–	–	52
1986	–	–	30	13	–	–	–	–	43
1987	–	–	13	19	1	–	–	–	33
1988	3	–	9	6	–	–	–	–	18
1989	–	1	2	3	1	–	–	–	7
1990	–	–	15	–	–	–	–	–	15
1991	–	–	1	–	–	–	–	1	1
1992	–	–	2	3	–	–	–	1	6
1993	–	2	9	2	–	–	–	1	14
1994	–	–	11	5	–	–	–	–	17
1995	–	–	9	4	–	–	–	–	13
1996	–	–	14	14	–	–	–	2	28
1997	–	2	19	21	1	3	-	–	48
1998	–	–	6	14	–	–	–	1	20
1999	–	–	4	3	–	–	–	2	8
2000	–	13	5	5	1	–	–	1	26
2001	–	3	8	4	1	–	–	–	17
2002	–	–	11	–	–	–	–	1	11
2003	–	3	12	9	–	–	–	–	25
2004	–	–	6	21	–	–	-	36	27
TOTAL	6	25	455	181	7	8			718

* Exploratory - includes outpost, new field wildcat, new pool wildcat and deeper pool wildcat classifications.

Horizontal Wells Drilled in 2004

Field	Surface Location	Bottom Hole Location	Horizontal Length(m)	Licensee	Initial Production* (m^3/d)	Status
Daly	8C-20-10-28	16C-20-10-28	543	Tundra Oil and Gas Ltd.	28.7	COOP
		16D-20-10-28	545**			
	15A-20-10-28	7A-20-10-28	655	Tundra Oil and Gas Ltd.	23.7	COOP
		7B-20-10-28	589**			
Virden	2A-14-9-25	10A-11-9-25	851	Tundra Oil and Gas Ltd.	4.5	COOP
		9C-11-9-25	668**			
	1C-11-9-25	13D-2-9-25	880	Tundra Oil and Gas Ltd.	15.5	COOP
		4B-11-9-25	710**			
	6C-20-11-26	14C-20-11-26	572	Tundra Oil and Gas Ltd.	23.5	COOP
		14D-20-11-26	464**			
	8B-14-9-25	16D-11-9-25	603	Tundra Oil and Gas Ltd.	11.7	COOP
		3B-13-9-25	793**			
		13C-12-9-25	543***			
	4C-11-9-25	12B-2-9-25	522	Tundra Oil and Gas Ltd.	16.2	COOP
		12C-2-9-25	485**			
		11C-2-9-25	439***			
Whitewater	14C-34-2-21	15C-33-2-21	853	Tundra Oil and Gas Ltd.	8.7	COOP
		15A-33-2-21	530**			
	11A-17-3-21	A4D-20-3-21	830	Tundra Oil and Gas Ltd.	5.7	COOP
		3A-20-3-21	468**			
Pierson	7B-18-3-28	14D-18-3-28	879	Tundra Oil and Gas Ltd.	10.9	COOP
		12A-18-3-28	655**			
		13A-18-3-28	496***			
Other Areas	4C-33-8-24	11C-28-8-24	650	Compton Petroleum Corporation	---	COMP
		11C-28-8-24	582**			

*Average oil rate for first six months (or less) of production

**Second Leg

***Third Leg

Areas of Activity

Waskada - In 2004, Waskada continued to be the most active area in the Province with a total of 52 wells being drilled. All of the wells were drilled vertically.

Daly – In 2004, there were 21 wells drilled in the Daly Field. Two of the wells were drilled horizontally. There were two wells re-entered and deepened and one well re-entered. One Lodgepole well was deepened to test the Bakken.

Virden - In 2004, there were 7 wells drilled of which 6 were drilled horizontally. There was one well re-entered and 2 Lodgepole wells deepened.

Other Areas - There were 31 wells drilled in other areas in 2004. Of these, 8 were development and were all completed as potential oil wells. Of the 23 exploratory wells drilled, 20 were completed as potential oil wells.

Non-Abandoned Wells 2004

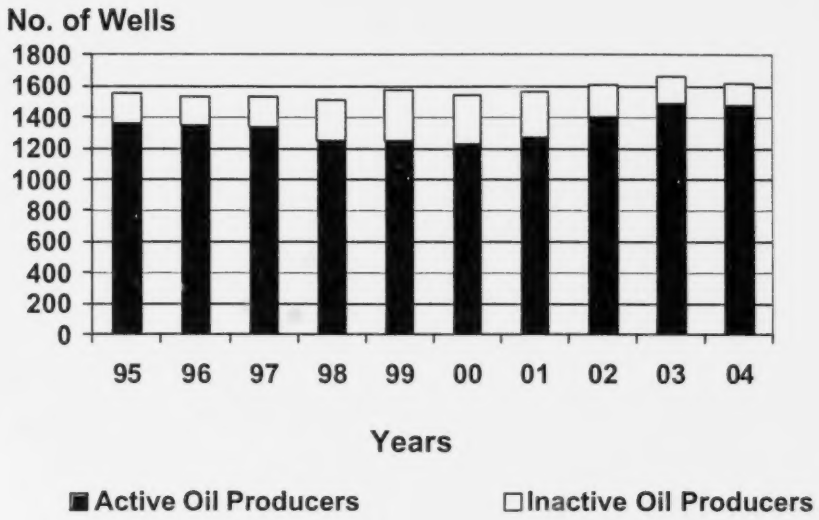
Field	Active[1] Oil Producers	Active[2] Other Wells
Daly	400	46
Tilston	21	3
Waskada	347	87
Lulu Lake	4	2
Virden	520	123
Whitewater	37	3
Pierson	131	35
Kirkella	31	5
Souris Hartney	8	3
Coulter	3	0
Regent	8	1
Mountainside	11	1
Birdtail	15	3
Confidential Wells	11	1
Other Areas	34	7
Total	**1581**	**320**

Notes:

(1) Wells classified as capable of oil production at year end that produced oil in 2004. Dual completions or commingled wells count as one well.

(2) Includes Water Injection, Salt Water Disposal, Water Supply, Gas Injection and Other Wells.

Oil Wells in Manitoba
1995-2004



Previous Operator	New Operator	Field/Area	No. Of Wells	Type
Zargon Oil & Gas Partnership	Leader Resources Ltd.	Daly	2	Transfer
Mead Petroleums & Farms Ltd.	Canada West Resources Inc.	Virden	3	Transfer
		Total	5	

Well Licence Transfers in 2004

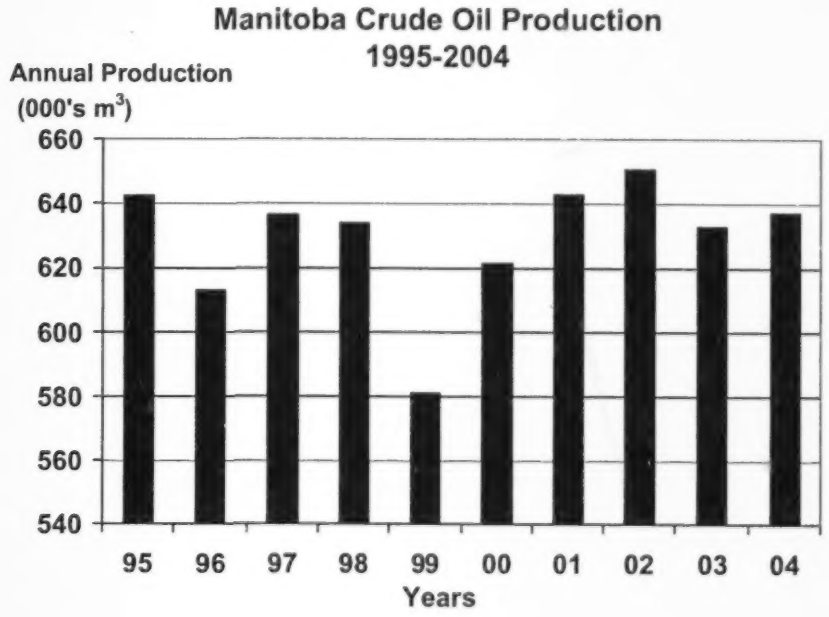
In 2004, there were 5 well name changes resulting from well licence transfers.

Production and Markets

Annual oil production in Manitoba was up 1% from 2003 to 637 498 m^3 (4.0 million barrels).

Oil production from the Virden, Daly, Waskada and Pierson Fields accounted for 37%, 21%, 18% and 10% respectively of Manitoba's total production.

In 2004, a number of fields showed an increase in production over 2003 including Whitewater (29%), Mountainside (13.7%), Waskada (4.6%), Pierson (3.7%), Daly (2.7%) and Birdtail (1.7%).



Manitoba's Top 25 Oil Producers

Rank	Operator	2004		2003*		2004/2003 Increase (decrease)	
		m^3	% of Total	m^3	% of Total	m^3	% Change
1	Tundra Oil and Gas Ltd.	227 937.7	35.8	203 688.8	32.2	24 248.9	11.9
2	Enerplus ECT Resources Ltd.	200 298.7	31.4	227 718.5	36	(27 419.8)	(12)
3	EOG Resources Canada Inc.	67 281.3	10.6	68 282.5	10.8	(1 001.2)	(1.5)
4	Canadian Natural Resources Limited	39 868.9	6.3	36 356.4	5.7	3 512.5	9.7
5	Rideau Petroleums Ltd.	31 126.9	4.9	26 308.9	4.2	4 818.0	18.3
6	NCE Petrofund Corporation	31 025.2	4.9	32 367.2	5.1	(1 342.0)	(4.1)
7	Kiwi Resources Ltd.	14 865.3	2.3	15 013.3	2.4	(148.0)	(1.0)
8	Zargon Oil & Gas Ltd.	8 589.0	1.3	8 642.7	1.4	(53.7)	(0.6)
9	Cosens Drilling Limited	4 800.1	0.8	3 949.7	0.6	850.4	21.5
10	Leader Resources Limited	1 704.6	0.3	1 382.8	0.2	321.8	23.3
11	Enerplus Oil & Gas Ltd.	1 544.7	0.2	1 421.4	0.2	123.3	8.7
12	2214351 Manitoba Ltd.	1 194.8	0.2	861.6	0.1	333.2	38.7
13	Malahat Oil & Gas Ltd.	1 035.8	0.2	1 135.6	0.2	(99.8)	(8.8)
14	2928419 Manitoba Limited	993.9	0.2	1 095.3	0.2	(101.4)	(9.3)
15	Centoba Oils Limited	873.4	0.1	938.1	0.1	(64.7)	(6.9)
16	Antler River Resources Ltd.	779.9	0.1	840.8	0.1	(60.9)	(7.2)
17	Gerrand Enterprises Ltd.	747.5	0.1	751.8	0.1	(4.3)	(0.6)
18	Mountcliff Resources Limited	566.8	0.1	0	0	566.8	100
19	Ka-Bert Resources Limited	476.7	0.1	470.5	0.1	6.2	1.3
20	Chevron Canada Resources Limited	246.1	0	308.9	0	(62.8)	(20.3)
21	Graceland Resources Limited	230.7	0	249.1	0	(18.4)	(7.4)
22	4478429 Manitoba Ltd.	224.2	0	357.1	0.1	(132.9)	(37.2)
23	Ballantyne International Resources Ltd.	209.6	0	181.9	0	27.7	15.2
24	Compton Petroleum Corporation	195.0	0	108.2	0	86.8	80.2
25	494889 Alberta Incorporated	194.4	0	268.4	0	(74.0)	(27.6)

* Oil production figures may vary year to year due to well transfers and company mergers.

Manitoba Oil and Water Production 1951-2004

Year	Wells Capable of Producing (December)	Wells Producing (December)	Oil Prod. (m^3)	Water Prod. (m^3)	Total Fluid Prod. (m^3)	Avg. Water Cut(%)	Avg. Oil Prod. (m^3/day)
1951	5	5	1 854	152	2 006	7.6	5.1
1952	39	32	17 020	3 918	20 938	18.7	46.6
1953	105	93	104 189	46 597	150 786	30.9	285.4
1954	284	269	341 403	61 606	403 009	15.3	935.4
1955	554	486	658 779	284 601	943 380	30.2	1 804.9
1956	736	647	919 329	634 442	1 553 771	40.8	2 511.8
1957	846	739	967 810	998 380	1 966 190	50.8	2 651.5
1958	877	736	926 298	1 183 642	2 109 940	56.1	2 537.8
1959	875	730	803 436	1 274 183	2 077 619	61.3	2 201.2
1960	893	755	757 033	1 401 502	2 158 535	64.9	2 068.4
1961	874	729	711 949	1 511 295	2 223 244	68.0	1 950.5
1962	852	730	623 976	1 551 270	2 175 246	71.3	1 709.5
1963	839	683	599 249	1 617 970	2 217 219	73.0	1 641.8
1964	892	745	701 909	2 106 630	2 808 539	75.0	1 917.8
1965	889	748	786 029	2 369 659	3 155 688	75.1	2 153.5
1966	905	737	831 230	2 926 156	3 757 386	77.9	2 277.3
1967	911	752	887 556	3 038 500	3 926 056	77.4	2 431.7
1968	926	774	986 022	3 644 940	4 630 962	78.7	2 694.0
1969	923	754	985 987	3 789 952	4 775 939	79.4	2 701.3
1970	904	730	939 179	3 952 435	4 891 614	80.8	2 573.1
1971	900	695	890 621	4 213 250	5 103 871	82.6	2 440.1
1972	891	745	835 385	4 483 101	5 318 486	84.3	2 282.5
1973	882	687	807 905	4 542 685	5 350 590	84.9	2 213.4
1974	871	714	754 701	4 518 060	5 272 761	85.7	2 067.7
1975	831	686	701 491	4 560 448	5 261 939	86.7	1 921.9
1976	821	688	633 419	4 611 042	5 244 461	87.9	1 730.7
1977	804	701	630 443	4 816 879	5 447 322	88.4	1 727.2
1978	808	703	598 405	4 603 669	5 202 074	88.5	1 639.5
1979	811	706	583 377	4 302 557	4 885 934	88.1	1 598.3
1980	823	720	563 482	4 454 815	5 018 297	88.8	1 539.6
1981	853	748	542 695	4 574 423	5 117 118	89.4	1 486.8
1982	1 002	896	581 937	4 588 111	5 170 048	88.7	1 594.3
1983	1 160	1 041	736 913	5 090 892	5 827 805	87.4	2 018.9
1984	1 350	1 209	793 161	5 623 619	6 416 780	87.6	2 167.1
1985	1 505	1 366	820 727	5 926 972	6 747 699	87.8	2 248.6
1986	1 592	1 367	823 321	6 574 356	7 397 677	88.9	2 255.7
1987	1 624	1 434	781 795	6 619 927	7 401 722	89.4	2 141.9
1988	1 627	1 370	768 493	6 618 307	7 386 800	89.6	2 099.7
1989	1 581	1 353	722 821	6 489 970	7 212 791	90.0	1 980.3
1990	1 483	1 430	737 454	6 705 759	7 443 213	90.1	2 020.4
1991	1 567	1 408	712 791	6 899 878	7 612 669	90.6	1 952.9
1992	1 547	1 387	656 454	6 965 246	7 621 700	91.4	1 793.6
1993	1 563	1 394	634 561	6 439 603	7 074 164	91.0	1 738.5
1994	1 568	1 363	657 871	6 410 921	7 068 792	90.7	1 802.4
1995	1 556	1 354	642 650	6 050 635	6 693 285	90.4	1 760.7
1996	1 531	1 342	613 110	5 928 982	6 542 092	90.6	1 675.2
1997	1 535	1 337	636 800	6 011 713	6 648 513	90.4	1 744.7
1998	1 509	1 247	634 173	5 949 658	6 583 831	90.4	1 737.5
1999	1 494	1 246	581 226	5 530 359	6 111 585	90.5	1 592.4
2000	1 516	1 232	621 361	6 496 237	7 117 598	91.3	1 697.7
2001	1 567	1 267	642 885	7 016 732	7 659 617	91.6	1 761.3
2002	1 613	1 402	650 750	7 639 477	8 290 227	92.2	1 782.9
2003	1 666	1 487	633 098	7 723 449	8 356 547	92.4	1 734.5
2004	1 603	1 474	637 498	7 897 536	8 535 034	92.5	1 746.6
TOTAL	--	--	36 814 011	229 927 098	266 091 109	--	--

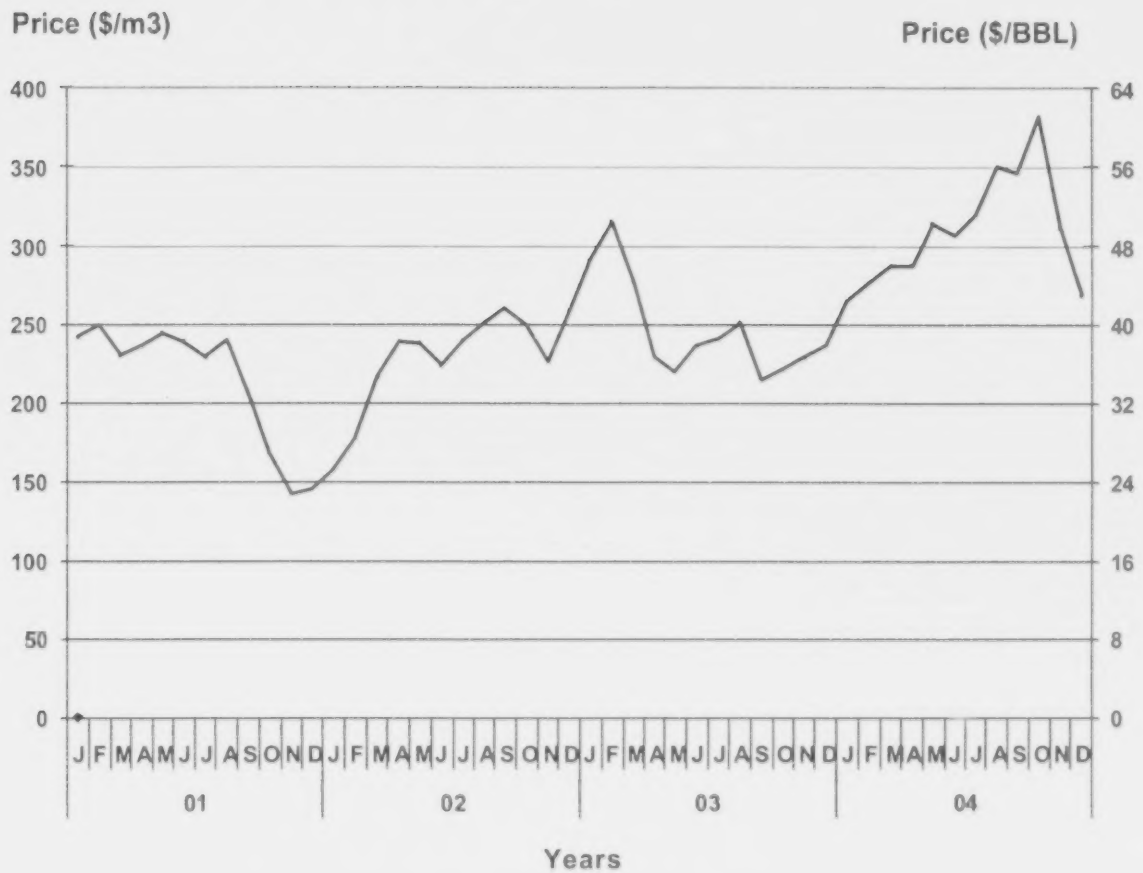
Comparison of 2004 vs 2003 Oil Production by Field

Field	2004 m³	2004 % of Total	2003 m³	2003 % of Total	2004/2003 Increase (decrease) m³	2004/2003 Increase (decrease) % Change
Daly	135 896.2	21.3	132 315.9	20.9	3 580.3	2.7
Tilston	7 508.9	1.2	9 263.0	1.5	(17 54.1)	(18.9)
Waskada	118 889.1	18.6	113 654.7	18.0	5 234.4	4.6
Lulu Lake	3 947.9	0.6	4 852.9	0.8	(905)	(18.6)
Virden	221 929.9	34.8	234 197.4	37.0	(12 267.5)	(5.2)
Whitewater	25 678.1	4	19 907.3	3.1	5 770.8	29
Pierson	63 702.8	10	61 425.4	9.7	2 277.4	3.7
Kirkella	10 591.6	1.7	12 001.9	1.9	(1 410.3)	(11.8)
Souris Hartney	12 537.1	2	12 696.2	2.0	(159.1)	(1.3)
Coulter	163.7	0	189.1	0.0	(25.4)	(13.4)
Regent	1 211.2	0.2	1 734.0	0.3	(522.8)	(30.1)
Mountainside	4 780.8	0.7	4 205.5	0.7	575.3	13.7
Birdtail	6 705.0	1.1	6 595.5	1.0	109.5	1.7
Other Areas	23 955.4	3.8	20 095.1	3.2	(3 860.3)	(19.2)
TOTAL	**637 497.7**	**100**	**633 133.9**	**100**	**4 363.8**	**0.7**

Oil Prices

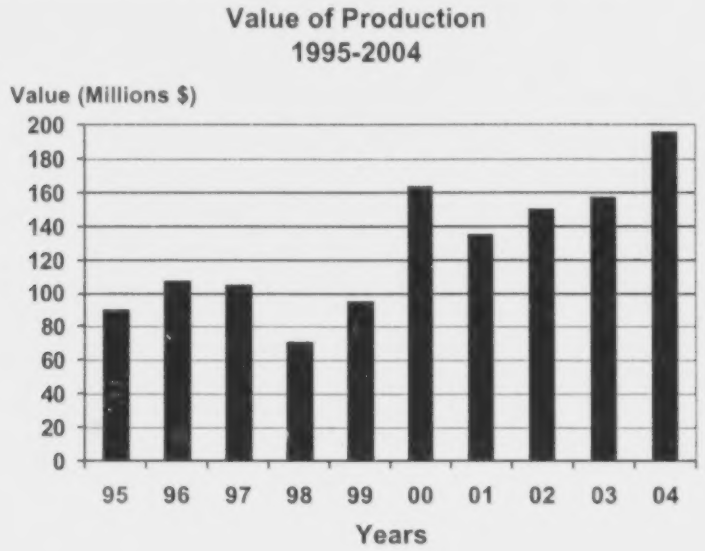
Manitoba's overall average crude oil selling price in 2004 increased 23% from 2003 to $306.93/m^3 ($48.77 Cdn. per barrel). The average monthly price was lowest in January at $256.73/m^3 ($40.80 Cdn. per barrel) and highest in October at $381.86/m^3 ($60.68 Cdn. per barrel).

Monthly Oil Crude Prices
2001-2004



Value of Production

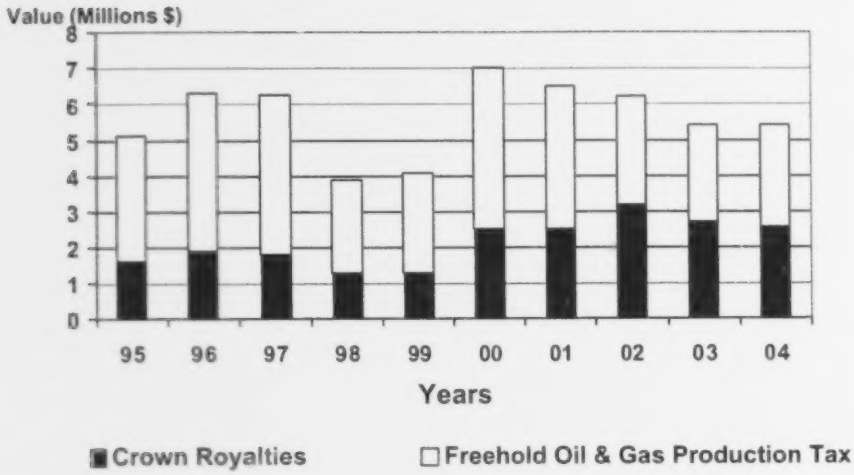
The total value of oil production during 2004 was $195.7 million, up 24% from 2003.



Provincial Revenue from Oil Production

During 2004, the Manitoba government collected approximately $6.9 million in revenues ($2.56 million in Crown oil royalties, $2.85 million in freehold oil taxes, and $1.5 million Crown lease sale bonuses, rentals and fees), resulting in a 13% increase from 2003. These figures do not include provincial revenue from corporate capital tax, sales tax, and corporate and individual income tax.

Crown Royalties and Taxes
From Oil Production 1995-2004



Manitoba Crude Oil Production and Sales Value
1951-2004

Year	Annual Production (m^3)	Cumulative Production (m^3)	Value of Sales (000's $)	Cumulative Value of Sales (Dec. 31) (000's $)	Average* Wellhead Price ($/$m^3$)	($/bbl)
1951	1 854	1 854	26	26	15.58	2.48
1952	17 022	18 876	229	255	13.77	2.24
1953	104 193	123 069	1,715	1,970	16.51	2.62
1954	341 410	464 479	5,620	7,590	16.46	2.62
1955	658 802	1 123 281	9,517	17,107	14.56	2.31
1956	919 539	2 042 820	13,418	30,524	14.61	2.32
1957	967 721	3 010 541	15,231	45,755	15.81	2.51
1958	926 322	3 936 863	14,265	60,020	15.40	2.45
1959	803 461	4 740 324	11,615	71,635	14.46	2.30
1960	757 054	5 497 378	10,690	82,325	14.16	2.25
1961	711 969	6 209 347	10,133	92,458	14.27	2.27
1962	623 989	6 833 336	9,500	101,958	15.12	2.49
1963	599 212	7 432 548	9,183	111,141	15.33	2.44
1964	701 920	8 134 468	10,694	121,835	15.31	2.43
1965	786 050	8 920 518	12,270	134,105	15.59	2.48
1966	831 248	9 751 766	13,087	147,192	15.73	2.50
1967	887 572	10 639 338	13,974	161,166	15.77	2.51
1968	986 024	11 625 362	15,561	176,727	15.79	2.51
1969	985 981	12 611 343	15,615	192,342	15.82	2.51
1970	939 175	13 550 518	14,848	207,200	15.80	2.51
1971	890 622	14 441 140	15,445	222,645	17.31	2.75
1972	835 380	15 276 520	14,586	237,231	17.46	2.77
1973	807 882	16 084 402	17,155	254,386	21.23	3.37
1974	754 667	16 839 069	27,182	281,568	36.00	5.72
1975	701 459	17 540 528	31,453	313,021	44.81	7.12
1976	633 322	18 173 850	33,533	346,554	52.99	8.42
1977	630 466	18 804 316	40,457	387,011	64.12	10.19
1978	598 354	19 402 670	45,953	432,964	76.77	12.20
1979	583 377	19 986 047	48,403	481,367	82.97	13.19
1980	563 482	20 549 529	54,958	536,325	97.57	15.51
1981	542 695	21 092 224	64,055	600,380	118.03	18.82
1982	582 283	21 674 507	100,537	700,917	173.57	27.58
1983	736 934	22 411 441	152,350	853,267	206.64	32.84
1984	793 286	23 204 727	169,296	1,022,563	214.04	34.02
1985	820 729	24 025 456	180,049	1,202,612	220.21	35.00
1986	823 322	24 848 778	95,337	1,297,949	114.66	18.23
1987	781 806	25 630 584	109,202	1,407,151	139.76	22.21
1988	786 563	26 417 147	78,660	1,485,811	102.26	16.25
1989	722 820	27 139 967	90,101	1,575,912	124.66	19.81
1990	737 762	27 877 729	114,805	1,609,717	155.85	24.78
1991	712 792	28 590 521	90,343	1,781,060	126.74	20.15
1992	656 415	29 246 936	86,289	1,867,349	131.46	20.89
1993	634 561	29 881 497	77,486	1,944,835	122.07	19.40
1994	657 870	30 539 367	83,620	2,028,455	126.76	20.14
1995	642 650	31 182 017	90,238	2,118,693	140.51	22.33
1996	613 114	31 795 131	107,245	2,225,938	173.90	27.63
1997	636 681	32 431 812	104,884	2,330,822	161.49	25.66
1998	634 071	33 065 883	70,730	2,401,552	116.97	18.54
1999	581 206	33 647 089	95,129	2,496,681	166.25	26.42
2000	621 378	34 268 467	163,933	2,660,614	266.16	42.30
2001	642 908	34 911 375	134,996	2,795,610	214.67	34.11
2002	650 750	35 562 125	154,060	2,949,670	230.59	36.64
2003	633 098	36 176 513	157,399	3,106,969	248.61	39.51
2004	637 498	36 814 011	195,745	3,302,714	306.93	48.77

* Average Wellhead Price = Value of Sales/Volume Sold

* Does not include corporate capital tax, sales tax or corporate and individual income tax. All figures are based on calendar year receipts.

Direct Revenues to Crown from Oil Exploration and Production in Manitoba*
1951-2004

Year	Crown Royalties ($000's)	Freehold Oil Tax ($000's)	Crown Oil & Gas Rights Revenue ($000's)	Miscellaneous Fees ($000's)	Total Direct Revenue ($000's)
1951	2	--	4	5	11
1952	7	--	7	9	23
1953	50	46	6	8	110
1954	156	64	106	24	350
1955	230	92	696	10	1,028
1956	318	83	668	18	1,087
1957	382	126	531	--	1,039
1958	356	137	293	31	817
1959	344	165	215	2	726
1960	313	130	102	2	547
1961	306	105	228	5	644
1962	298	96	116	10	520
1963	276	91	87	3	457
1964	307	86	157	23	573
1965	344	84	164	3	595
1966	353	96	154	3	606
1967	370	111	139	10	630
1968	411	116	99	14	640
1969	405	128	115	4	652
1970	377	143	43	1	564
1971	373	143	55	2	573
1972	348	138	16	1	503
1973	404	144	15	2	565
1974	1,599	5,216	15	4	6,834
1975	1,823	6,498	12	1	8,334
1976	2,024	6,128	11	11	8,174
1977	2,263	7,012	10	3	9,288
1978	2,281	8,018	10	6	10,315
1979	2,280	8,769	[illegible]	12	12,049
1980	2,575	9,159	2,012	11	13,757
1981	2,715	10,022	1,846	12	14,595
1982	3,176	11,947	1,292	28	16,443
1983	4,111	14,825	1,347	59	20,342
1984	4,238	15,642	2,466	67	22,413
1985	4,323	14,977	4,522	90	23,912
1986	2,570	8,179	1,195	53	11,997
1987	2,740	8,649	855	55	12,299
1988	2,034	5,861	639	40	8,574
1989	2,273	6,757	364	37	9,431
1990	2,578	7,662	266	35	10,541
1991	2,567	6,438	213	37	9,255
1992	1,978	4,938	209	21	7,146
1993	1,884	4,501	1,005	41	7,431
1994	1,581	3,620	1,415	44	6,660
1995	1,618	3,480	2,860	43	8,001
1996	1,866	4,450	2,024	51	8,391
1997	1,806	4,431	6,335	55	12,627
1998	1,259	2,579	752	30	4,620
1999	1,286	2,751	764	18	4,819
2000	2,537	4,488	783	21	7,829
2001	2,506	4,008	1,272	28	7,814
2002	3,203	2,994	[illegible]	60	6 701
2003	2,668	2,984	431	44	6,127
2004	2.565	2,879	1,491	41	6.976
TOTAL	**81,657**	**212,186**	**41,864**	**1,248**	**336,955**

Manitoba Drilling Incentive Program (1992-2009)

In 2004, the Manitoba Drilling Incentive Program, which provides eligible wells a Crown royalty/freehold production tax-free holiday volume was extended for another 5 years until January 1, 2009. The following improvements to the incentive program were also introduced:

- 500 m^3 minimum holiday oil volume for new vertical wells
- 3 000 m^3 holiday oil volume "top up" for new wells
- 3 000 m^3 holiday oil volume for new horizontal legs drilled from existing horizontal wells
- 3 m^3/d production limit to qualify for the major workover incentive to repair casing

Incentive program highlights include:

- up to 10 000 m^3 holiday oil volume for exploratory wells
- up to 20 000 m^3 holiday oil volume for wells drilled through the Duperow Formation
- 10 000 m^3 holiday volume for horizontal wells
- 500 m^3 holiday volume for marginal wells on which a major workover is conducted
- 1-year holiday for unit tracts of wells converted for injection
- flexibility in the allocation of earned holiday volumes

Municipal Taxes

Oil producers in Manitoba pay municipal taxes on production facilities, including oil wells, batteries, salt water disposal wells, salt water disposal plants and water injection wells.

The municipal tax assessment on these facilities for the calendar year 2004 was approximately $61.0 million dollars.

Actual tax revenue from these assessments amounted to approximately $1.9 million for municipalities with oil and gas facilities.

Industry Employment

Direct employment in the petroleum industry during 2004 was approximately 300-350 person years. Of this total, approximately 20 percent is attributed to geophysical and drilling activity, while the remaining 80 percent is associated ongoing operation and maintenance of existing facilities.

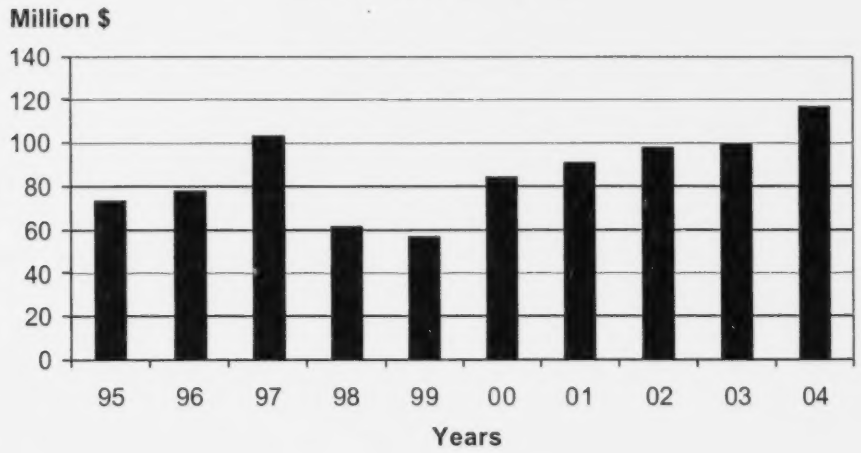
In addition, there are indirect jobs created as a result of petroleum industry activity. For every direct job in the petroleum industry it is estimated that 1.2 indirect jobs are created. This results in another approximately 360 to 420 person years of indirect employment.

Industry Expenditures

It is estimated that industry spent $116.8 million in 2004 compared with $99.6 million in 2003. The total expenditures can be broken down into eight categories: exploration, development, land, production, pipelines, royalties, abandonment and rehabilitation, and other costs.

- **Exploration**, which includes, exploratory drilling costs, geophysical and geological work, amounted to approximately $7.2 million.
- **Development** including development drilling, workovers, recompletions and production facility construction accounted for approximately $35.3 million.
- **Land** including freehold and Crown mineral and surface rights acquisition costs, fees and rentals. The total estimated expenditures in this component amounted to $10.2 million.
- **Production** estimated at $29.9 million and include well and facility operating costs.
- **Pipelines** including capital, operating, repair and maintenance costs, for pipelines licensed under The Oil and Gas Act that carry crude oil and refined petroleum products amounted to $4.9 million.
- **Royalties and Production Taxes** including freehold royalties, Crown royalties and freehold production taxes, are estimated at approximately $26.5 million.
- **Abandonment and rehabilitation** of sites damaged by oil field operations totalled approximately $0.9 million.
- **Other** including municipal taxes and miscellaneous expenditures, totaling approximately $1.9 million.

Petroleum Industry Expenditures in Manitoba 1995-2004



Surface Owners

Prior to drilling a well, an oil company is required to negotiate a surface lease, which provides right of entry, with the landowner. The typical surface lease includes a first-year bonus payment and a subsequent annual rental for the duration of the lease.

Where the landowner is renting the land to another party, the oil company must obtain the consent of both the landowner and the occupant.

After a lease has been signed, the landowner and occupant then determine what share of the compensation paid by the oil company each receives.

An estimated $4.8 million was paid by oil companies to landowners in the form of first-year bonuses and annual rental fees.

Disputes relating to right-of-entry or compensation are referred to the Surface Rights Board (www.gov.mb.ca/iedm/mrd/board/srboard.html). The Board's principal function is to arbitrate disputes between the petroleum industry and landowners regarding use of land for exploration, development and related operations, and to determine what compensation should be paid to the landowner.

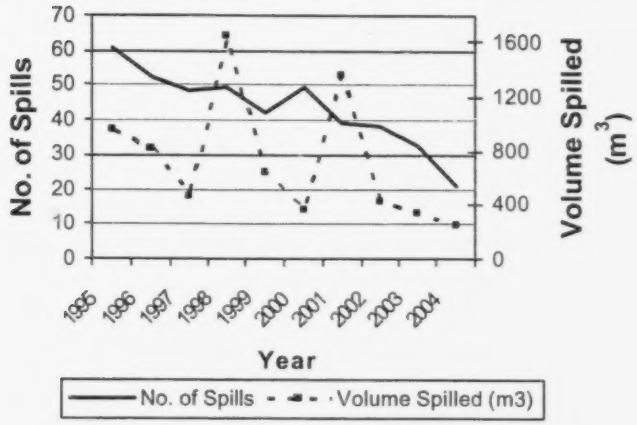
Spills and Rehabilitation

Accidental spills of oil and salt water occasionally result from oil industry operations. Regulations require land damaged by oil and salt water spills must be fully rehabilitated by the responsible operator. Sites used for wells or production facilities must also be fully rehabilitated when the well or facility is abandoned.

In 2004, 21 spills involving a total volume 242.6 m^3 occurred. The number of spills in 2004 was 42% less than the 5 year average, and the volume spilled was 56% less than the 5 year average. The volume of fluid spilled is equal to 0.003 percent of the total volume of oil and salt water produced.

Activities by industry resulted in 51 abandoned well and spill sites becoming fully rehabilitated in 2004. Further rehabilitation is required on 455 spill sites and abandoned wellsites.

Spill Data 1995-2004



Manitoba Oil Fields - 2004

	Daly	Tilston	Waskada	Lulu Lake	Virden	White-Water	Pierson	Kirkella	Souris Hartney	Coulter	Regent	Mountain-side	Birdtail	Other Areas	Total
Discovery Year	1951	1952	1952	1953	1953	1953	1954	1957	1962	1952	1955	1982	1996	---	---
Avg. Depth to Producing Formation (m)	835	940	918	1 005	634	782	1 003	734	655	968	767	895	522	858	---
Producing Formation	L/B/TF	MC	MC/LAm	L	L	LAm/L	MC/LAm	L	L	MC/LAm	L	L	B	LAm MC/L	---
Well Spacing (ha)	32/16/8	16	16/8/4	16	16/8	16	32/16	16	32/16/8	16	16	16	16	16	---
Active Oil Wells 2004*	400	21	347	4	520	37	131	31	8	3	8	11	15	36	1570
2004 Oil Prod. (`000 m^3)	135.9	7.5	118.9	3.9	221.9	25.7	63.7	10.6	12.5	0.2	1.2	4.8	6.7	24.0	637.5
Cum. Oil Prod. (Dec. 31, 2004) (`000 m^3)	6 366.4	404.5	3 704.0	117.6	22 957.1	422.1	1778.3	420.8	234.4	16.3	50.8	110.1	59.2	172.2	36 814.0
Remaining Established Reserves (Dec. 31, 2003) (`000 m^3)**	1 390.1	30.6	858.5	14.8	1247.9	67.6	466.5	43.4	44.3	0.8	3.5	26.0	41.4	38.7	4 322.0***

L = Lodgepole
LAm = Lower Amaranth
MC = Mission Canyon
B = Bakken
TF = Three Forks

* Wells classified as capable of oil production at year-end that produced oil in 2004. Dual completions or commingled wells count as one well. Confidential wells not included.

** Does not include 2004 reserve additions

*** Total includes confidential remaining reserves

COMMENTS?

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